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UNITED STATES
AND EXCHANGE COMMISSION
Washington, D.C. 20549

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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
8- 66151

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 1/1/06 AND ENDING 12/31/06
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: ELM Capital Securities, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

3414 Peachtree Road, Suite 730

(No. and Street)

Atlanta

(City)

Georgia

(State)

30326

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Mr. David Linch404 261-5590

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

PROCESSED

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

MAR 08 2007Frazier & Deeter, LLC

(Name - if individual, state last, first, middle name)

**THOMSON
FINANCIAL**600 Peachtree Street, N.E., Suite 1900

(Address)

Atlanta

(City)

Georgia

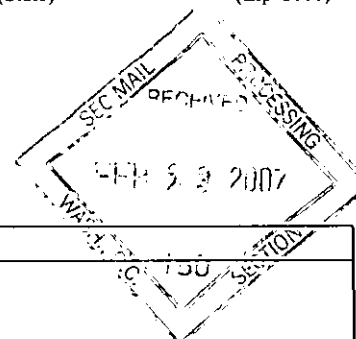
(State)

30308

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

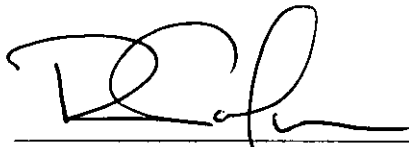
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

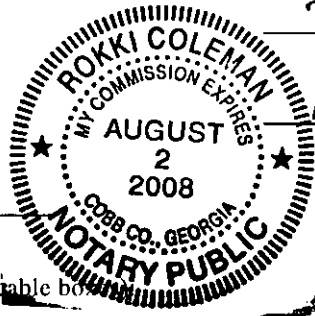
SEC 1410 (06-02)

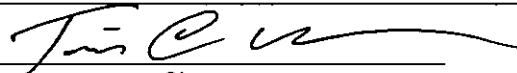
Potential persons who are to respond to the collection of
information contained in this form are not required to respond
unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, Tim Mages, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of ELM Capital Securities, LLC, as of December 31, 20 06, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:


Notary Public




Signature
Principal
Title

This report ** contains (check all applicable boxes)

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- ☒ (o) INDEPENDENT AUDITOR'S REPORT ON INTERNAL ACCOUNTING CONTROL.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

ELM CAPITAL SECURITIES, LLC
(A Wholly-Owned Subsidiary of ELM Capital Group, LLC)

FINANCIAL STATEMENTS

DECEMBER 31, 2006

ELM CAPITAL SECURITIES, LLC
(A Wholly-Owned Subsidiary of ELM Capital Group, LLC)

Table of Contents

December 31, 2006

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements:	
Statement of Financial Condition	2
Statement of Operations	3
Statement of Changes in Member's Deficit	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 7
Supplemental Information:	
Independent Auditors' Report on Supplemental Information	8
Schedule 1: Reconciliation of Audited and Unaudited Reports	9
Schedule 2: Explanation of Audit Adjustments	10
Schedule 3: Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission	11-12
Schedule 4: Information Relating to Possession or Control Requirements for Brokers and Dealers Pursuant to Rule 15c3-3	13



FRAZIER & DEETER, LLC
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

600 Peachtree Street, N.E., Suite 1900, Atlanta, Georgia 30308
main 404.253.7500 fax 404.253.7501 www.frazierdeeter.com

INDEPENDENT AUDITORS' REPORT

To the Member
ELM Capital Securities, LLC
Atlanta, Georgia

We have audited the accompanying statement of financial condition of ELM Capital Securities, LLC (a wholly-owned subsidiary of ELM Capital Group, LLC) as of December 31, 2006, and the related statements of operations, changes in member's deficit, and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ELM Capital Securities, LLC as of December 31, 2006, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Frazier & Deeter, LLC

Frazier & Deeter
Atlanta, Georgia
January 31, 2007



ELM CAPITAL SECURITIES, LLC
(A Wholly-Owned Subsidiary of ELM Capital Group, LLC)

Statement of Financial Condition

December 31, 2006

Asset

Current asset - Cash	\$ 11,125
Total Current Asset	<u>\$ 11,125</u>

Liabilities and Member's Deficit

Current liabilities:	
Current portion of note payable to related party	\$ 12,000
Due to member	<u>2,500</u>
Total Current Liabilities	14,500
Member's Deficit	<u>(3,375)</u>
Total Liability and Member's Deficit	<u>\$ 11,125</u>

See notes to financial statements.

ELM CAPITAL SECURITIES, LLC
(A Wholly-Owned Subsidiary of ELM Capital Group, LLC)

Statement of Operations

For the Year Ended December 31, 2006

Revenues	<u>\$ 50,000</u>
Expenses:	
Referral fees	5,000
Salaries and benefits	2,995
Rent	2,500
Insurance and fees	2,692
Travel and entertainment expense	153
Professional fees	13,395
Office expense	2,608
Other expense	<u>4,487</u>
	<u>33,830</u>
Net income	<u><u>\$ 16,170</u></u>

See notes to financial statements.

ELM CAPITAL SECURITIES, LLC
(A Wholly-Owned Subsidiary of ELM Capital Group, LLC)

Statement of Changes in Member's Deficit

For the Year Ended December 31, 2006

Member's equity, December 31, 2005	\$ 24,455
Net income	16,170
Contributions from member	2,000
Distributions to member	<u>(46,000)</u>
Member's deficit, December 31, 2006	<u>\$ (3,375)</u>

See notes to financial statements.

ELM CAPITAL SECURITIES, LLC
(A Wholly-Owned Subsidiary of ELM Capital Group, LLC)

Statement of Cash Flows

For the Year Ended December 31, 2006

Increase (Decrease) in Cash

Reconciliation of Net Income to Net Cash Provided by Operating Activities:

Net income	\$ 16,170
Increase in due to member	<u>2,500</u>
Net cash provided by operating activities	<u>18,670</u>

Cash flows from financing activities:

Contributions from member	2,000
Distributions to member	<u>(46,000)</u>
Net cash used in financing activities	<u>(44,000)</u>
Net decrease in cash	(25,330)
Cash, beginning of year	<u>36,455</u>
Cash, end of year	<u><u>\$ 11,125</u></u>

See notes to financial statements.

ELM CAPITAL SECURITIES, LLC
(A Wholly-Owned Subsidiary of ELM Capital Group, LLC)

Notes to Financial Statements

December 31, 2006

Note 1 - Description of business and summary of significant accounting policies:

ELM Capital Securities, LLC (the Company) was organized on May 23, 2003 for the purpose of becoming qualified as a licensed broker/dealer. The Company was approved as a registered broker/dealer with the Securities and Exchange Commission (SEC) effective January 14, 2004 and is a member of the National Association of Securities Dealers (NASD). The Company is a wholly-owned subsidiary of ELM Capital Group, LLC.

The following is a summary of the more important accounting principles and policies followed by the Company:

Revenue recognition

Revenues are related to arranging the private placement of securities by issuers and are generally recognized at the "date of closing."

Receivables and credit policies

The Company routinely assesses the financial strength of its clients and, as a consequence, believes that its commission receivable credit risk exposure is limited. Commission receivables are carried at original contract amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on an annual basis. A valuation allowance is provided for known and anticipated credit losses, as determined by management in the course of regularly evaluating individual receivables. To date, there have been no bad debts. At December 31, 2006, there was no allowance for bad debts. Commission receivables are written off when deemed uncollectible. Recoveries of commission receivables previously written off are recorded when received. No interest is charged on client accounts.

Income taxes

The Company is treated as a partnership for federal and state income tax purposes. Consequently, all tax effects of the Company's income or loss are passed through to the member.

Major customers

The nature of the Company's business is to handle large transactions. During the year ended December 31, 2006, the Company had one transaction with one client, which accounted for all revenues.

ELM CAPITAL SECURITIES, LLC
(A Wholly-Owned Subsidiary of ELM Capital Group, LLC)

Notes to Financial Statements - Continued

December 31, 2006

Note 1 - Description of business and summary of significant accounting policies - continued:

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Net capital requirements:

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2006, the Company had net capital of \$8,625 which was \$3,625 in excess of its required net capital of \$5,000. The Company's net capital ratio was 0.29 to 1 at December 31, 2006.

Note 3 - Transactions with related parties:

During the year ended December 31, 2006, the Company was allocated expenses of \$33,830 from ELM Capital Group, LLC. The allocated expenses represent charges for administrative services rendered by ELM Capital Group, LLC to the Company. The Company has a payable to ELM Capital Group, LLC of \$2,500 as of December 31, 2006.

The Company has a note payable of \$12,000 due to an individual who is a member of ELM Capital Group, LLC. The note matures January 15, 2007 and does not bear interest. Subsequent to year-end, the terms of the note were extended for payment later in 2007.

Note 4 - Concentration of credit risk:

The Company maintains its cash in bank deposits, which at times, may exceed federally-insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash.

SUPPLEMENTAL INFORMATION



FRAZIER & DEETER, LLC
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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

To the Member
ELM Capital Securities, LLC
Atlanta, Georgia

We have audited the accompanying financial statements of ELM Capital Securities, LLC (a wholly-owned subsidiary of ELM Capital Group, LLC) as of December 31, 2006 and for the year then ended, and have issued our report thereon dated January 31, 2007. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules 1, 2, 3, and 4 on pages 9 through 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Frazier & Deeter
Atlanta, Georgia
January 31, 2007

Frazier & Deeter, LLC



ELM CAPITAL SECURITIES, LLC
(A Wholly-Owned Subsidiary of ELM Capital Group, LLC)

Schedule 1: Reconciliation of Audited and Unaudited Reports

December 31, 2006

<u>Description</u>	<u>As Previously Stated</u>	<u>Debit</u>	<u>Credit</u>	<u>As Stated</u>
Asset				
Cash	<u>\$ 11,125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,125</u>
Liabilities and Member's Equity				
Current portion of note payable to related party	\$ 12,000	\$ -	\$ -	\$ 12,000
Due to member	2,500	-	-	2,500
Member's deficit	<u>(3,375)</u>	<u>-</u>	<u>-</u>	<u>(3,375)</u>
	<u>\$ 11,125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,125</u>
Revenues and (Expenses)				
Revenues	\$ 50,000	\$ -	\$ -	\$ 50,000
Referral fees	(5,000)	-	-	(5,000)
Salaries and benefits	(2,995)	-	-	(2,995)
Rent	(2,500)	-	-	(2,500)
Insurance and fees	(2,692)	-	-	(2,692)
Travel and entertainment expense	(153)	-	-	(153)
Professional fees	(13,395)	-	-	(13,395)
Office expense	(2,608)	-	-	(2,608)
Other expense	<u>(4,487)</u>	<u>-</u>	<u>-</u>	<u>(4,487)</u>
Net income	<u>\$ 16,170</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,170</u>

See independent auditors' report on supplemental information.

ELM CAPITAL SECURITIES, LLC
(A Wholly-Owned Subsidiary of ELM Capital Group, LLC)

Schedule 2: Explanation of Audit Adjustments

December 31, 2006

There were no audit adjustments.

See independent auditors' report on supplemental information.

ELM CAPITAL SECURITIES, LLC
(A Wholly-Owned Subsidiary of ELM Capital Group, LLC)

***Schedule 3: Computation of Net Capital Under Rule 15c3-1
of the Securities and Exchange Commission***

December 31, 2006

COMPUTATION OF NET CAPITAL

Total member's deficit from statement of financial condition		\$	(3,375)
Deduct member's deficit not allowable for net capital			<u>-</u>
Total member's deficit qualified for net capital			(3,375)
Add:			
Liabilities subordinated to claims of general creditors allowable in computation of net capital	\$	12,000	
Other (deductions) or allowable credits		<u>-</u>	<u>12,000</u>
Total capital and allowable subordinated liabilities			8,625
Deductions and/or charges:			
Total nonallowable assets		-	
Other deductions and/or charges		-	
Other additions and/or allowable credits		<u>-</u>	<u>-</u>
Net capital before haircuts on securities positions			8,625
Haircuts on securities (computed, where applicable, pursuant to 15c3-1(f))		<u>-</u>	<u>-</u>
Net capital			<u><u>\$ 8,625</u></u>

See independent auditors' report on supplemental information.

ELM CAPITAL SECURITIES, LLC
(A Wholly-Owned Subsidiary of ELM Capital Group, LLC)

Schedule 3: Computation of Net Capital Under Rule 15c3-1
of the Securities and Exchange Commission - Continued

December 31, 2006

COMPUTATION OF AGGREGATE INDEBTEDNESS

Total liabilities from statement of financial condition	\$	2,500
Add:		
Other unrecorded amounts		<u>-</u>
Total aggregate indebtedness	\$	<u>2,500</u>
Percentage of aggregate indebtedness to net capital		<u>0.29</u>

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum net capital required	\$	<u>167</u>
Minimum dollar requirement	\$	<u>5,000</u>
Net capital requirement	\$	<u>5,000</u>
Excess net capital	\$	<u>3,625</u>
Excess net capital at 1000%	\$	<u>8,374</u>

RECONCILIATION WITH COMPANY'S COMPUTATION

Net capital, as reported in Company's Part II (Unaudited)		
FOCUS report	\$	8,625
Net audit adjustments		<u>-</u>
Net capital per previous page	\$	<u>8,625</u>

See independent auditors' report on supplemental information.

ELM CAPITAL SECURITIES, LLC

(A Wholly-Owned Subsidiary of ELM Capital Group, LLC)

***Schedule 4: Information Relating to Possession or Control Requirements
for Brokers and Dealers Pursuant to Rule 15c3-3***

December 31, 2006

The Company qualifies for exemption under Rule 15c3-3(k)(2)(ii) from the Securities and Exchange Commission Customer Protection Rule (Rule 15c3-3). Accordingly, the supplemental schedule of Information Relating to Possession or Control Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 is not applicable.

See independent auditors' report on supplemental information.



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To the Member
ELM Capital Securities, LLC
Atlanta, Georgia

In planning and performing our audit of the financial statements and supplemental schedules of ELM Capital Securities, LLC (the Company) for the year ended December 31, 2006, we considered its internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons,
2. Recordation of differences required by rule 17a-13,
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above mentioned objectives. Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with U.S. generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.



To the Member
ELM Capital Securities, LLC
Atlanta, Georgia
Page Two

Because of inherent limitations in any internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including procedures for safeguarding securities that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2006 to meet the SEC's objectives.

This report is intended solely for the information and use of the member, management, the SEC, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Frazier & Deeter
Atlanta, Georgia
January 31, 2007

Frazier & Deeter, LLC

END